
United Kingdom **Debt Management Office**

Commissioners for the Reduction of the National Debt

**National Insurance Fund Investment
Account**

Accounts for the year ended 31 March 2011

Presented to Parliament pursuant to Section 161(4) of the
Social Security Administration Act 1992

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Commissioners for the Reduction of the National Debt

National Insurance Fund Investment Account

Accounts for the year ended 31 March 2011

Foreword

Introduction

These accounts have been prepared by the Commissioners for the Reduction of the National Debt (CRND) under a direction issued by HM Treasury in accordance with section 161(4) of the Social Security Administration Act 1992 (the Act).

Section 161(4) of the Act requires the National Debt Commissioners to present to Parliament annually an account of the securities in which money in the National Insurance Fund is for the time being invested.

Background to the National Insurance Fund Investment Account

Section 161(3) of the Act established that any money held in the National Insurance Fund (NIFI) may, from time to time, be paid over to CRND for investment in accordance with such directions as may be given by HM Treasury. The National Insurance Fund Investment Account (NIFIA) is used to hold monies paid over and invested in this way.

HM Treasury has directed that CRND's investments in respect of NIFIA shall be confined to those securities specified in paragraphs 1, 2, 3, 8, 9 and 9A of Part II of Schedule 1 to the Trustee Investment Act 1961.

The resources that have been used to deliver CRND's objectives are accounted for within the United Kingdom Debt Management Office's (DMO) agency vote and reported in the DMO Report and Accounts 2010-2011. The cost of managing NIFIA incurred by CRND is recharged to Her Majesty's Revenue & Customs (HMRC); in 2010-11, this amounted to £110,000 (2009-10: £110,000). The National Audit Office's fee for audit of the National Insurance Fund Investment Account in 2010-11 was £6,523 (2009-10: £6,276). The audit fee cost falls on CRND and is recovered from HMRC as a component of the charge made by CRND for management of the Fund. Both the cost and the corresponding income are reported within the DMO Annual Report and Account 2010-2011. There was no auditor remuneration for the non-audit work.

Historically, the investments made by CRND included gilt-edged securities with periods to maturity of up to 20 years. In December 2006, HMRC approved the sale of all the gilt holdings and the placing of the proceeds into the Debt Management Account Deposit Facility (DMADF); this was effected in January 2007. This change to the investment stance was designed to offer both capital protection and maximum liquidity, and to lead to lower administration costs, both for CRND and for HMRC. This stance has been maintained throughout 2010-11.

Commissioners for the Reduction of the National Debt

CRND's main function is the investment and management of major Government funds. The investment powers differ from fund to fund.

There are eight Commissioners, but the Secretary and Comptroller General and Assistant Comptroller, who are appointed by and act on behalf of the Commissioners, make the day-to-day decisions. There is no legislation that determines the specific responsibilities of the Secretary and Comptroller General and the Assistant Comptroller. However, in practice the role of the Secretary and Comptroller General is considered analogous to acting as the Accounting Officer for CRND. Therefore, the Secretary and Comptroller General takes responsibility for preparing and signing the accounts on behalf of the Commissioners.

The arrangements made between CRND and HMRC in respect of the investment service provided by CRND are set out in a Memorandum of Understanding, which describes how CRND intend to achieve the agreed investment objectives.

Audit arrangements

NIFIA is audited by agreement by the Comptroller and Auditor General (C&AG). The C&AG audits these accounts and provides opinions to CRND on whether the financial statements provide a true and fair view in accordance with the Social Security Administration Act 1992 and directions made thereunder by HM Treasury.

The Secretary and Comptroller General has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that NIFIA's auditors are aware of that information. So far as she is aware, there is no relevant audit information of which the NIFIA's auditors are unaware.

Management Commentary

Results for 2010-11

The strategy of investing in the DMADF was maintained throughout 2010-11. This strategy enables NIFIA to earn a rate of interest very closely correlated with prevailing short-term sterling interest rates, whilst protecting its capital position and access to liquidity at all times.

During 2010-11, the total market value of assets held by CRND decreased to £41,631 million at the year-end (2009-10: £44,552 million) largely as a result of a net withdrawal of funds by the client over the year.

NIFIA made a surplus of £202 million in 2010-11 (2009-10: £232 million), a lower return than the previous year due to both a lower opening demand deposit balance and further client withdrawals throughout the financial year.

Date of authorisation for issue

The Secretary and Comptroller General authorised these financial statements for issue on June 2011.

Jo Whelan

Secretary and Comptroller General to the Commissioners for the Reduction of the National Debt

June 2011

Statement of Secretary and Comptroller General's responsibilities

Section 161(4) of the Act requires the Commissioners to prepare accounts for each financial year in the form and on the basis determined by HM Treasury.

The annual accounts of NIFIA are prepared on an accruals basis, as directed by HM Treasury and must give a true and fair view of the financial position of the NIFIA at the year end and of its income and cash flows for the financial year.

The Commissioners have appointed the Secretary and Comptroller General to discharge their statutory responsibilities, a role that is analogous to acting as an Accounting Officer. Therefore the Secretary and Comptroller General has responsibility for preparing the annual accounts and for transmitting these to the Comptroller and Auditor General.

In preparing accounts an Accounting Officer is required to observe the applicable accounting standards and generally accepted accounting practice in so far as they are relevant to the Account, and apply suitable accounting policies on a consistent basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, and for the keeping of proper accounting records, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in 'Managing Public Money'.

Statement on Internal Control

1. Scope of responsibility

- 1.1 The Commissioners for the Reduction of the National Debt (CRND) are responsible for preparing the accounts. They have appointed me as Secretary and Comptroller General of CRND to discharge their responsibilities in this regard. As Secretary and Comptroller General, I also have responsibility for ensuring the operation of a sound system of internal control that supports the achievement of CRND's targets, policies and objectives in managing client investment portfolios whilst safeguarding the public funds for which I am accountable, in accordance with the responsibilities assigned to me.

CRND is a separate business entity managed within the control framework of the DMO. While I am responsible for CRND's system of internal control, the Accounting Officer of the DMO is responsible for the wider control framework within which CRND is managed. In discharging my own control responsibilities I take assurance on the continued sound maintenance of the wider control framework from the Statement on Internal Control for the DMO, although I understand that only reasonable and not absolute assurance can be given that risks have been controlled.

- 1.2 It is also my responsibility to ensure that all CRND fund management activities are conducted with due regard to value for money and operated in line with client instructions. I have put arrangements in place to ensure that there is a proper evaluation of the balance of cost and risk in our operations.

2. The purpose of the system of internal control

- 2.1 The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide a reasonable and not absolute assurance of effectiveness.
- 2.2 The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of DMO policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. Relevant elements of the DMO system of internal control have been implemented for CRND. The system of internal control has been in place for the year ended 31 March 2011 and up to the date of approval of this account, and accords with HM Treasury guidance.

3. Capacity to handle risk

- 3.1 The DMO has a formal risk management framework document agreed by the Managing Board that summarises at a high level the principles which govern the DMO's approach to risk management, the different types of risk that the DMO manages, including CRND activities, and the various mechanisms that the DMO employs to ensure that risks are identified, assessed and managed at all levels within the organisation. The DMO also has more detailed risk management policies and has documented the risk management processes. Elements of these policies have been reviewed and adjusted during the year and have proved effective during a period of continued uncertainty in the financial markets.

The DMO's Managing Board is responsible for setting strategic direction and considering high-level operational issues. An executive sub-committee of the Managing Board (Sub MB) generally meets weekly. The terms of reference of Managing Board and those of the Fund Management, Operational Risk and Business Delivery Committees clearly set out their roles and responsibilities for providing the organisational capacity to consider issues and make relevant decisions at the appropriate level.

The Business Delivery Committee includes the executive members of the Managing Board and key business managers. The committee exists to progress and review the status of the delivery of DMO's business and work plan as a collective cross-functional body, resolving emerging issues together to ensure the business and work plan is delivered in a timely and cost effective manner.

- 3.2 Staff are required to signify that they have read and accepted the DMO's rules on personal dealing and the DMO's policy on the use of information systems and technology, and that they are aware of, and will continue to keep up to date with, the DMO's policies with respect to whistle blowing, fraud and anti-money laundering. The DMO ensures that the exercise is undertaken on an annual basis in order to maintain a good level of awareness of the DMO's policies in these areas. All members of staff have job descriptions which include reference to the specific key risks they are expected to manage. Managers in each business function are responsible for ensuring that the operations within their area are compliant with plans, policies, procedures and legislation.
- 3.3 During the year the new Coalition Government has introduced measures that have altered the DMO's risk profile over current and future years. In response, the DMO has placed increased focus on financial control, staff planning and responding to additional transparency requirements.

4. The risk and control framework

- 4.1 The DMO's formal risk management framework document sets out the various mechanisms for managing its risks that are incorporated into its approach to both regular operations and new business initiatives. There are processes in place to ensure regular measurement and monitoring of key business risks including market, credit, operational and liquidity risk. A statement of the risk appetite for these risks is included within the risk management framework document.
- 4.2 The DMO's Risk Management Unit (RMU) provides control advice on risks throughout the DMO. In the DMO's management reporting structure, the RMU is separate and independent of the DMO's trading operations. The RMU conducts risk analysis and provides market, credit and operational risk capability for the DMO.

The identification, monitoring and mitigation of operational risks are facilitated by the RMU, via consultation with heads of business units and functional teams. Regular meetings are held with heads of business units and functional teams to assess whether risks to their operations are being managed effectively. Significant risk issues are assessed by likelihood and materiality of occurrence. New risks and risks with an increased risk profile are highlighted and actions are taken to ensure effective management of all risks. The DMO has Senior Risk Owners (SROs) who undertake a cross-functional moderation process to promote better prioritisation of operational risks across the organisation. The RMU maintains a central exception log to record all risk incidents raised, in order to identify control weaknesses and assign actions to improve controls. Progress against treatment actions is obtained on a regular basis to ensure issues highlighted by internal and external audit, and other identified actions to improve the control environment, are managed and progressed within agreed deadlines.

Risks to data and information held by the DMO are owned and managed by designated Information Asset Owners. There is a Senior Information Risk Owner (SIRO) for the DMO, responsible for the information risk policy and risk assessment relating to information, who provides assurance over information risks to the Managing Board.

The DMO has designated Information Technology (IT) Security Officers who are responsible for the DMO's electronic network, including access to information and GSI accreditation. During the year, the DMO has continued a defined programme of work to deliver IT security and Information Management improvements.

The DMO continues to work to maintain the required level of protective security, covering physical, personnel and information security. An annual assessment is made against the policies and standards set out in the Government's Security Policy Framework and, when necessary, controls are strengthened to manage identified risks. During the year, physical security arrangements were reviewed and a revised physical security policy is being developed. IT security is subject to annual reviews, including tests by external specialists and assessment against the CESG requirements for continuing connection to the Government Secure Intranet (GSI).

- 4.3 The RMU communicates key risk issues to management on a regular basis within a number of forums, to enable management to take informed decisions on risk issues. Key forums are as follows:

The Fund Management Committee, comprising CRND managers, other senior managers and DMO specialist staff, meets regularly to review CRND operational issues.

The Operational Risk Committee meets regularly to monitor operational risks and to review significant risk issues, risk incidents and exceptions and progress against treatment actions. This review is supported by regular operational risk reporting produced by the RMU. The scope of this meeting covers issues relating to information risk, IT security, business continuity, anti fraud issues and key supplier risks.

A Controls Group meets periodically to review issues affecting the DMO's system of internal control (including CRND) and to analyse material changes to the control environment. The group recommends actions to management to implement changes where appropriate. The Controls Group consisted of representatives of the DMO teams responsible for finance, risk, compliance and internal audit.

The DMO Audit Committee supports me as Secretary and Comptroller General of CRND on matters relating to risk, internal control and governance and associated assurance.

A high level strategic risk report is published to promote awareness of all high level issues and risks that the DMO faces at an organisational level. The report is based on a High Level Risk Register maintained by RMU, and is presented to the Managing Board on a regular basis.

A key component of the CRND's control framework is the segregation of duties to ensure independent checking and reconciliation, and to avoid concentration of key activities or related controls in individuals or small groups of staff. In particular, segregation of duties takes place between front and back office activities. All teams have documented procedures for their main activities and there are clearly defined authorisation levels for committing the DMO externally.

The DMO's Business Continuity Plan (BCP) including Disaster Recovery (DR) and other arrangements is subject to continual review and update. The DMO ensured a programme of DR testing was carried out. Assessment of business continuity requirements is a specific requirement for new projects and major business initiatives.

- 4.4 CRND has established effective communication channels with each of its clients. Where relevant, an up-to-date memorandum of understanding is in place with each body responsible for the fund, outlining their respective responsibilities.
- 4.5 Improvements and changes were implemented during the year, including improved controls surrounding Information Management and IT Security; additional controls to improve the CRND payment process; and improved budgeting and forecasting processes.

5. Review of effectiveness

- 5.1 As Secretary and Comptroller General, my review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers in the DMO who have been delegated responsibility for the development and maintenance of the internal control framework, and by the reports and comments made by the external auditors.
- 5.2 I have been supported by the DMO Audit Committee and risk owners in addressing weaknesses and ensuring continuous improvement of the system is in place. The DMO Audit Committee met five times during the year to 31 March 2011.

- 5.3 The Fund Management Committee has monitored and advised me on development of CRND governance mechanisms. The Fund Management Committee met four times during the year.

The DMO's RMU has conducted regular controls and compliance testing providing the executive sub-committee of the Managing Board with assurance on the effectiveness of operational controls and compliance with relevant FSA rules in the dealing and settlements areas.

The Operational Risk Committee and Senior Risk Owners have advised me during the year on significant operational risk concerns, significant risk issues and trends, as well as actions to mitigate such risks. The Operational Risk Committee met seven times during the year.

The Controls Group has advised me on any significant risk concerns relating to the introduction of new business activities into the DMO as well as risks relating to other change management activities, and has made me aware of actions taken to mitigate identified risks.

The combined activities of the Fund Management Committee, RMU, Operational Risk Committee and the Controls Group have given me assurance that all risk, control and governance issues relevant to CRND have been dealt with effectively during the year. The DMO Audit Committee considered the 2010-11 accounts in draft and provided me with its views before I formally signed the accounts.

During the period of this Statement on Internal Control, Internal Audit has provided reports on the effectiveness of the risk management, control and governance processes for the DMO, including aspects relevant to CRND, to the DMO Audit Committee throughout the period. The audits make a series of recommendations that are addressed as part of our focus on continuous improvement in this area. The audits identified no serious breaches of risk or control systems. The Internal Audit work programme is approved by the DMO Audit Committee at the start of the year.

Internal Audit attended each meeting of the DMO Audit Committee to report the results of audit work and the results of follow-up work to confirm that appropriate management action had been taken to address audit recommendations.

On the basis of Internal Audit work during the year, the Head of Internal Audit has provided assurance to me on the adequacy and effectiveness of the risk management, control and governance arrangements relevant to the accounts, and has confirmed that there were no matters arising from the work of Internal Audit in the period that would give rise to separate comment in the Statement on Internal Control.

6. Significant Internal Control Issues 2010-11

In my opinion, the overall system of internal control relating to CRND was effective throughout the financial year 2010-11 and remains so on the date I sign this statement.

Jo Whelan

Secretary and Comptroller General to the Commissioners for the Reduction of the National Debt

June 2011

INDEPENDENT AUDITOR'S REPORT TO THE COMMISSIONERS FOR THE REDUCTION OF THE NATIONAL DEBT

I have audited the financial statements of the National Insurance Fund Investment Account for the year ended 31 March 2011. These comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Client Funds and the related notes. These financial statements have been prepared in accordance with the Accounts Direction issued by HM Treasury in accordance with Section 161(4) of the Social Security Administration Act 1992 and under the accounting policies set out within them.

Respective responsibilities of the Commissioners for the Reduction of National Debt, the Secretary and Comptroller General and the Auditor

As described in the Statement of Secretary and Comptroller General's responsibilities, the Commissioners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. They have appointed the Secretary and Comptroller General to discharge these responsibilities in accordance with the Social Security Administration Act 1992 and HM Treasury directions made thereunder.

My responsibility is to audit the financial statements. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the National Insurance Fund Investment Account's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Secretary and Comptroller General; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Foreword, Management Commentary, Statement of Secretary and Comptroller General's responsibilities, and Statement on Internal Control, to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the National Insurance Fund Investment Account's affairs as at 31 March 2011 and of its total comprehensive income for the year then ended; and
- the financial statements have been properly prepared in accordance with the Social Security Administration Act 1992 and HM Treasury directions made thereunder.

Opinion on other matters

In my opinion the information given in the Foreword and Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Amyas C E Morse
Comptroller and Auditor General
June 2011

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SW1W 9SP

National Insurance Fund Investment Account

Statement of comprehensive income

For the year ended 31 March 2011

	2011	2010
	£000	£000
Interest income	201,681	232,164
Total comprehensive income	201,681	232,164

The notes on pages 15 to 16 form part of these accounts.

National Insurance Fund Investment Account

Statement of financial position

As at 31 March 2011

	2011 £000	2010 £000
Assets		
Demand deposits with the Debt Management Account and the National Loans Fund (NLF)	41,630,718	44,552,024
Total	41,630,718	44,552,024
Client Funds		
NIFI funds	41,630,718	44,552,024
Total	41,630,718	44,552,024

The notes on pages 15 to 16 form part of these accounts.

Jo Whelan
Secretary and Comptroller General to the Commissioners for the Reduction of the National Debt

June 2011

National Insurance Fund Investment Account

Statement of cash flows

For the year ended 31 March 2011

	2011 £000	2010 £000
Operating activities		
Interest received	204,123	236,683
Decrease in demand deposits with the Debt Management Account and the NLF	2,918,864	6,423,917
Net cash from operating activities	3,122,987	6,660,600
Financing activities		
Funds received from the National Insurance Fund	48,844,200	44,399,600
Funds paid to the National Insurance Fund	(51,967,187)	(51,060,200)
Net cash used in financing activities	(3,122,987)	(6,660,600)
Increase/(decrease) in cash	0	0

The notes on pages 15 to 16 form part of these accounts.

National Insurance Fund Investment Account

Statement of changes in client funds

	Total NIFI Funds £000
At 1 April 2009	50,980,460
Total comprehensive income	232,164
Funds received from NIFI	44,399,600
Funds paid to NIFI	(51,060,200)
At 31 March 2010	44,552,024
Total comprehensive income	201,681
Funds received from NIFI	48,844,200
Funds paid to NIFI	(51,967,187)
At 31 March 2011	41,630,718

The notes on pages 15 to 16 form part of these accounts.

Notes to the accounts for the year ended 31 March 2011

1 Accounting Policies

1.1 Basis of preparation

These accounts have been prepared in accordance with a direction made by HM Treasury under section 161(4) of the Social Security Administration Act 1992 in accordance with International Financial Reporting Standards (IFRS) in so far as they are appropriate, and under the historical cost convention and on a going concern basis. In particular, the following standards have been applied:

- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 7 Statements of cash flows (revised 2007)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 10 Events After the Reporting Period
- IAS 18 Revenue
- IAS 24 Related Party Disclosures
- IAS 32 Financial Instruments: Presentation
- IAS 36 Impairment of Assets
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- IAS 39 Financial Instruments: Recognition and Measurement

An income statement has not been presented, as the content would be identical to the statement of comprehensive income.

Certain IFRS have been issued or revised last year, but are not yet effective, which will impact on the NIFIA in subsequent reporting periods. These are:

IFRS 9 Financial Instruments, which will replace IAS 39.

IFRS 9 is expected to improve and simplify the reporting of financial instruments. Application of IFRS 9 is required for any reporting period beginning on or after 1 January 2013. Earlier application is permitted. The NIFIA expects to apply IFRS 9 in its 2013-2014 Accounts. The application of IFRS 9 is not expected to impact on the disclosure of financial instruments reported by the NIFIA.

IAS 24 Related Party Disclosures, which has been revised.

The changes required by the revisions to IAS 24 simplify the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government. Application of the revised IAS 24 is required for any reporting period beginning on or after 1 January 2011. Earlier application is permitted. The NIFIA expects to apply the revised IAS 24 in its 2011-2012 Accounts. The application of IAS 24 is not expected to impact on the disclosure of related parties.

1.2 Assets

Deposits with the DMA and the NLF are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are therefore treated as loans and receivables measured at amortised cost.

1.3 Income recognition

Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the instrument.

1.4 Administrative expenditure

Administrative costs are accounted for in the DMO Report and Accounts 2010-2011 and a recovery is made from HMRC.

2 Risk

2.1 Credit Risk

Credit risk is the risk that a counterparty, or security issuer, will fail to discharge a contractual obligation resulting in financial loss to the National Insurance Fund Investment Account (NIFIA).

The investments of NIFIA comprise deposits with the DMA and the NLF. These deposits are considered to have no credit risk because they are obligations of HM Government.

2.2 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for NIFIA is considered to comprise interest rate risk.

The interest returns on deposits are closely linked to the official Bank Rate.

CRND monitors interest rate movements to help inform the NIFI of potential issues and events. NIFIA is not subject to active management and thus no formal market risk parameters are in place.

2.3 Liquidity Risk

Liquidity risk is the risk that NIFIA will encounter difficulty in meeting obligations associated with client withdrawal requests.

Assets held by NIFIA are highly liquid to enable all client obligations to be met as they fall due.

3 Related Parties

CRND is a separate entity within the DMO. CRND client mandates are kept distinct from other DMO business.

During the year NIFIA had a significant number of material transactions with the Debt Management Account, which is operated by the DMO. CRND client mandates require the bulk of the funds to be invested in gilts or deposited with the Debt Management Account.

During the year, NIFIA had a significant number of material transactions with NIFI due to monies advanced and withdrawn in respect of investments. During the year, NIFI withdrew £3.1bn (net of advances) from NIFIA (2009-10: net withdrawal of £6.7bn)

Appendix

NATIONAL INSURANCE FUND INVESTMENT ACCOUNT

ACCOUNTS DIRECTION GIVEN BY THE TREASURY IN ACCORDANCE WITH SECTION 161 (4) OF THE SOCIAL SECURITY ADMINISTRATION ACT 1992

1. This direction applies to the National Insurance Fund Investment Account.
2. The Commissioners for the Reduction of the National Debt shall prepare accounts for the financial year ended 31 March 2010 and subsequent financial years which give a true and fair view of the state of affairs of the Account at the reporting date, and of its income and cash flows for the year then ended.
3. The accounts shall be prepared in accordance with applicable accounting standards, and shall be consistent with relevant requirements of the extant Government Financial Reporting Manual.
4. The accounts shall present an income statement, a statement of comprehensive income, a statement of financial position, a statement of cash flows, and a statement of changes in client funds. The statement of financial position shall present assets and liabilities in order of liquidity.
5. The notes to the accounts shall include disclosure of assets and liabilities, and of income and expenditure, relating to other central government funds including the National Loans Fund.
6. The report shall include:
 - a brief history of the Account, and its statutory background;
 - an outline of the scope of the Account, its relationship to HM Treasury and other central funds, and its management arrangements;
 - a management commentary, including information on financial performance and financial position, which reflects the relationship between the Account and other central funds; and
 - a statement on internal control.
7. This accounts direction shall be reproduced as an appendix to the accounts

This accounts direction supersedes all previous Directions issued by HM Treasury.

Chris Wobschall

Head, Assurance and Financial Reporting Policy
Her Majesty's Treasury
31 March 2010



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